

Northern Border Chambers Add Slaughter, Stupak WHTI Classification Proposal to Platform

New Status Would Require Economic Impact Study of Plan Before Implementation

Washington, DC - Rep. Louise M. Slaughter (D-Fairport), Ranking Member of the House Rules Committee, and Rep. Bart Stupak (D-MI-1) have succeeded in obtaining the support of the Northern Border Chambers for a new designation of the Western Hemisphere Travel Initiative (WHTI). The Chambers, who handle economic development issues on the U.S.-Canadian border, have adopted a platform calling for the WHTI to be designated as a "significant regulatory action."

"We're pleased to be working with the Northern Border Chambers to ensure that the WHTI is implemented correctly," Rep. Slaughter said. **"This is about the very livelihoods of the families we represent. The stakes couldn't be any higher,"** she added.

"If there is an economic weakness in the WHTI as it is currently envisioned, then we want to find it and fix it long before we ever break dirt,"

"We are going to continue doing everything in our power to ensure that any initiative undertaken by the Homeland Security Department will protect the economic security of our communities as resolutely as it defends our national security," Rep. Slaughter said.

Rep. Stupak also commented on the recent developments. **"Since the Western Hemisphere Travel Initiative was unveiled nearly a year ago, border communities, travel bureaus and chambers of commerce have expressed concerns about the potentially adverse impact WHTI could have on local economies and cross border travel,"** he said.

"I'm pleased to work with Congresswoman Slaughter to obtain this important study to examine the effects WHTI could have on our local communities. Our objective must be focused on improving border security, but we must also be mindful of the local people and economies that rely on the border to sustain their way life."

The adoption of the new platform comes following an aggressive campaign led by Reps. Slaughter and Stupak. The Members are now focusing their energy on the federal officials who will make the final decision on the new designation.

Last week, Reps. Slaughter and Stupak co-authored a letter to the Office of Information and Regulatory Affairs (OIRA) requesting that the WHTI be classified as a "significant regulatory action." They were the first Members of Congress to employ Executive Order 12866 as a means of obtaining this designation.

BACKGROUND

Under Executive Order 12866, the new designation would require the federal government to conduct a thorough cost-benefit analysis of any federal project impacting the economy by more than \$100 million dollars, and to complete this analysis before the project is implemented.

The cost-benefit analysis would include the following elements:

1. A thorough explanation as to how WHTI will benefit the efficient functioning of the economy and private markets.
2. A full assessment of the costs of WHTI. The most noted costs have been on tourism and spontaneous travel, but DHS would also have to explain how much it will cost the federal government to create new travel documents as well as equip all ports of entry with new card readers.
3. An explanation of why alternatives to a passport/ "alternative travel card" are not feasible.

"DHS continues to downplay the significant economic damages that its WHTI proposal will mean for border communities and the tourist industry," Rep. Slaughter has said.

"For months, my requests that DHS seriously examine the economic ramifications of this proposal have not resulted in any action. Hopefully, by employing this Executive Order, we will finally get the economic analysis needed and deserved by border communities."

Excerpts from the letter sent to OIRA follow:

"The State Department has indicated that implementation of WHTI will cost cross-border travelers above and beyond the \$100 million threshold."

"...WHTI also threatens to severely impact the travel and tourism industry. For example, the Canadian Tourism Commission has estimated that WHTI, as proposed in the ANPRM, would result in a cumulative loss of 3.5 million outbound trips by Canadians to the U.S. This would mean a direct loss of receipts to the U.S. tourism industry of \$667 million over four years. What's more, U.S. and Canadian tourism officials have stated that the WHTI proposal is already having a chilling effect on cross-border travel."

"For WHTI to be implemented effectively, it is imperative that OIRA designate the proposed rule a significant regulatory action and require DHS to conduct a thorough cost-benefit analysis."

The complete text of the letter can be found below:

February 3, 2006

The Honorable Joshua Bolten

Director

Office of Management and Budget

725 17th Street, NW

Washington, DC 20503

Dear Director Bolten,

We are writing to request that OMB's Office of Information and Regulatory Affairs (OIRA) designate the Western Hemisphere Travel Initiative (WHTI) -- published jointly by the Departments of Homeland Security and State as an Advanced Notice of Proposed Rulemaking (ANPRM) on September 1, 2005 -- a significant regulatory action. As such, OIRA should require that DHS complete a cost-benefit analysis of WHTI before the agency publishes a formal Notice of Proposed Rulemaking (NPRM) in the Federal Register.

As you know, Executive Order (E.O.) 12866 requires the federal government to "create a regulatory system....that improves the performance of the economy without imposing unacceptable or unreasonable costs on societies." To meet these goals, Section 3(f)(1) of E.O. 12866 mandates that a federal agency designate a proposed rule as a significant regulatory action if that rule may:

"Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities."

Section 6 of E.O. 12866 clearly spells out that federal rules designated a significant regulatory action must undergo a thorough cost-benefit analysis prior to being printed in the Federal Register as a NPRM.

We understand that the Department of Homeland Security is currently reviewing comments from the ANPRM and will publish a NPRM on WHTI in the next year. However, evidence suggests that it will be difficult to avoid constructing the WHTI rule without dramatically affecting cross-border trade and commerce by more than \$100 million per year.

The State Department has indicated that implementation of WHTI will cost cross-border travelers above and beyond the \$100 million threshold. The State Department's Deputy Assistant Secretary for State, Frank Moss, testified in front of the House Homeland Security Committee about WHTI on June 22, 2005. In his testimony, Mr. Moss suggested that the demand for passports due to WHTI will increase from 12 million in Fiscal Year 2006 to 17 million in Fiscal Year 2008. Assuming that the cost of an adult passport remains at \$97, cross-border travelers alone will be spending \$485 million over three years due to the WHTI requirements.

WHTI also threatens to severely impact the travel and tourism industry. For example, the Canadian Tourism Commission has estimated that WHTI, as proposed in the ANPRM, would result in a cumulative loss of 3.5 million outbound trips by Canadians to the U.S. This would mean a direct loss of receipts to the U.S. tourism industry of \$667 million over four years. What's more, U.S. and Canadian tourism officials have stated that the WHTI proposal is already having a chilling effect on cross-border travel.

For WHTI to be implemented effectively, it is imperative that OIRA designate the proposed rule a significant regulatory action and require DHS to conduct a thorough cost-benefit analysis. We appreciate your attention into this matter, and await your prompt response. Should you have any questions, please contact Alan Snyder in Rep. Slaughter's office or Amy Fuerstenau in Rep. Stupak's office.

Sincerely,

Louise Slaughter

Member of Congress

Bart Stupak

Member of Congress

cc. The Honorable Michael Chertoff, Secretary of Homeland Security

cc. The Honorable Condoleezza Rice, Secretary of State